

**TCEQ DOCKET NO. 2025-0082-DIS
TCEQ INTERNAL CONTROL NO. D-07022024-003**

PETITION BY AVA ROHDE AND RUMMEL & ROHDE FARMS LTD., FOR CREATION OF NORTH FORK MUNICIPAL UTILITY DISTRICT OF WILLIAMSON COUNTY	§ § § § §	BEFORE THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
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**AVA ROHDE AND RUMMEL & ROHDE FARMS LTD RESPONSE TO
REQUEST FOR CONTESTED CASE HEARING**

To the Commissioners of the Texas Commission on Environmental Quality:

I. Introduction and Procedural History

Ava Rhode and Rummel & Rohde Farms, LTD. (“Petitioners”) file this Response to the Request for a Contested Case Hearing filed by Wilson Springs Prairie LP (the “Protestant”). On July 1, 2024, Petitioners filed a petition for creation of North Fork Municipal Utility District of Williamson County (the “Petition”) with the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”). The Commission found the Petition administratively complete on July 3, 2024. Petitioners filed an Affidavit of Publication of the Notice of District Creation on August 30, 2024. On September 17, 2024, the Commission received a letter from Protestant requesting a contested hearing to address concerns related to wastewater discharge and increased storm water runoff with the creation of North Fork Municipal Utility District of Williamson County (the “District”).

II. Applicable Law and Arguments

A municipal utility district (“MUD”) may be created under and subject to the authority, of Article XVI, Section 59, of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, and the Commission’s administrative rules. A district may be created for the following purposes:

1. the control, storage, preservation, and distribution of its storm water and floodwater, the water of its rivers and streams for irrigation, power, and all other useful purposes;
2. the reclamation and irrigation of its arid, semiarid, and other land needing irrigation;
3. the reclamation and drainage of its overflowed land and other land needing drainage;
4. the conservation and development of its forests, water, and hydroelectric power;
5. the navigation of its inland and coastal water;
6. the control, abatement, and change of any shortage or harmful excess of water;
7. the protection, preservation, and restoration of the purity and sanitary condition of water within the state; and
8. the preservation of all natural resources of the state.

TEX. WATER CODE § 54.012.

To create a MUD, a petition requesting creation shall be filed with the Commission. *See* TEX. WATER CODE § 54.014. The petition shall be signed by a majority in value of the holders of title of the land within the proposed district, as indicated by the tax rolls of the central appraisal district. *See id.* The petition shall: (1) describe the boundaries of the proposed district by metes and bounds or by lot and block number; (2) state the general nature of the work proposed to be done, the necessity for the work, and the cost of the project as then estimated by those filing the petition; and (3) include a name of the district which shall be generally descriptive of the locale of the district. *See* TEX. WATER CODE § 54.015, 30 TEX. ADMIN. CODE § 293.11(a) and (d).

If all of the district is proposed to be located outside corporate limits of a municipality, the commissioners court of the county in which the district is to be located may review the petition for creation and other evidence and information relating to the proposed district that the commissioners consider necessary. *See* TEX. WATER CODE § 54.0161(a). If the commissioners court votes to make a recommendation to the Commission, the commissioners court shall submit to the Commission, at least 10 days before the date set for the hearing on the petition, a written

opinion stating whether or not the county would recommend the creation of the proposed district and stating any findings, conclusions, and other information that the commissioners court thinks would assist the Commission in making a final determination on the petition. *See id.* at § 54.0161(b). The Commission shall consider the written opinion submitted by the county commissioners. *See id.* at § 54.0161(c).

The Commission shall grant the petition if it conforms to the requirements of Texas Water Code section 54.015 and the project is feasible, practicable, necessary, and further, would be a benefit to the land to be included in the district. *See* TEX. WATER CODE § 54.021(a). In determining if the project is feasible, practicable, necessary, and beneficial to the land included in the district, the Commission shall consider:

1. the availability of comparable service from other systems, including but not limited to water districts, municipalities, and regional authorities;
2. the reasonableness of projected construction costs, tax rates, and water and sewer rates; and
3. whether or not the district and its system and subsequent development within the district will have an unreasonable effect on the following:
 - a. land elevation;
 - b. subsidence;
 - c. groundwater level within the region;
 - d. recharge capability of a groundwater source;
 - e. natural run-off rates and drainage;
 - f. water quality; and
 - g. total tax assessments on all land located within a district.

TEX. WATER CODE § 54.021(b).

The applicant must publish notice of the petition to create a district once a week for two consecutive weeks in a newspaper regularly published or circulated in the county where the district

is proposed to be located not later than the 30th day before the date of the Commission's decision on the application. See TEX. WATER CODE §§ 49.011(b), 54.018. Additionally, the applicant must post notice of the petition on the bulletin board used for posting legal notices in each county in which all or part of the proposed district is to be located. See 30 TEX. ADMIN. CODE § 293.12(b)(2). The Commission shall hold a public hearing if requested by the Commission, Executive Director, or an "affected person" under the factors in 30 Texas Administrative Code, Chapter 55 and Texas Water Code section 49.011(c).

A hearing requestor must make the request in writing within the time period specified in the notice and identify the requestor's personal justiciable interest affected by the application, specifically explaining the "requestor's location and distance relative to the activity that is the subject of the application and how and why the requestor believes he or she will be affected by the activity in a manner not common to members of the general public." 30 TEX. ADMIN. CODE § 55.251(b)—(d).

An affected person is "one who has a personal justiciable interest related to a legal right, duty, privilege, power, or economic interest affected by the application. An interest common to members of the general public does not qualify as a personal justiciable interest." 30 TEX. ADMIN. CODE § 55.256(a). Governmental entities with authority under state law over issues contemplated by the application may be considered affected persons. See 30 TEX. ADMIN. CODE § 55.256(b). Relevant factors to be considered in determining whether a person is affected include, but are not limited to:

1. whether the interest claimed is one protected by the law under which the application will be considered;
2. distance restrictions or other limitations imposed by law on the affected interest;

3. whether a reasonable relationship exists between the interest claimed and the activity regulated;
4. likely impact of the regulated activity on the health, safety, and use of property of the person;
5. likely impact of the regulated activity on use of the impacted natural resource by the person; and
6. for governmental entities, their statutory authority over or interest in the issues relevant to the application.

30 TEX. ADMIN. CODE § 55.256(c).

The Commission shall grant a request for a contested case hearing if: (1) the request is made by the applicant or the executive director; or (2) the request is made by an affected person, complies with the requirements of section 55.251, is timely filed with the chief clerk, and is made pursuant to a right to hearing authorized by law. *See* 30 TEX. ADMIN. CODE § 55.255(b).

III. Analysis of the Hearing Requests

Here the Protestant has filed a hearing request containing allegations regarding wastewater discharge and increased storm water runoff impacting the natural stream flows and water quality of a creek traversing his property immediately to the east of the boundary of the proposed District. The Commission should deny the Protestant's Request because he does not qualify as an affected person having a personal justiciable interest related to a legal right, duty, privilege, power or economic interest affected by the application since the subject matter of his allegation is not considered by the Commission when reviewing a district creation application or is otherwise outside of the jurisdiction of the Commission.

A. The District, will not have an unreasonable effect on water quality (Tex. Water Code § 54.021(b)(3)(F))

Protestant alleges that the District will impact wastewater discharge, but does not elaborate further on the specific nature of his concern. The Commission reviewed this same topic in the recent creation application for Highland Lakes Municipal Utility District No. 1 of Ellis County. In that matter, the Commission found that the applicant met its burden on this issue by showing that it would meet state and local water quality standards.¹ The Commission's discussion on the creation of *Highland Lakes* noted that point-source discharge from wastewater treatment is addressed in TPDES permitting and, if permitted, will not unreasonably effect water quality.² In regards to the proposed District, Petitioners submitted an application to the Commission for a TPDES permit for the District and Petitioners' plan to meet state and local water quality standards by discharging waste pursuant to the prescribed parameters in a Commission-issued TPDES permit. Because the hearing request is outside of the subject matter the Commission shall consider for the creation of the District, the hearing request shall be denied.

B. The District will not have an unreasonable effect on natural run-off rates and drainage (Tex. Water Code § 54.021(b)(3)(E))

Protestant contends that the proposed District will have an unreasonable impact on natural stormwater run-off rates and drainage. When processing a MUD creation application, the Commission requires certain information to accompany such applications, which includes a preliminary engineering report on proposed improvements. See 30 TEX. ADMIN. CODE § 293.11(a) and (d). As part of its petition, the Petitioners provided a description of the storm water drainage system and drainage improvements, and states that such will be designed and regulated

¹ TCEQ Docket No. 2022-0532-DIS, Final Order Granting Petition, III. Explanation of Changes, 2; *see also* Commission discussion at open meeting, same docket (Oct. 25, 2023).

² SOAH Docket No. 582-22-07138; TCEQ Docket No. 2022-0532-DIS (Commission discussion at open meeting) (Oct. 25, 2023).

to the criteria of Williamson County which has jurisdiction over such matters. The TCEQ Executive Director's technical review memorandum is included as Attachment 1 and notes that the improvements and facilities shall be designed to sufficiently detain storm runoff to predeveloped flows as required by Williamson County. The Protestants stated concerns regarding the impact to natural stream flows and drainage are subject to the jurisdiction of Williamson County, which is responsible for regulating the design and construction of storm drainage systems. The TCEQ has the regulatory responsibility of ensuring MUD creation application requirements are addressed, but regulation of such design and improvements handled exclusively by the County.

The Commission reviewed the same concerns with the *Highland Lakes* application and determined "where there will be nothing more than typical impacts from converting open space to a residential development, and where applicant represents that it will comply with all applicable stormwater requirements, that is proof enough that the impacts will not be unreasonable."³ Storm drainage is under the jurisdiction of local authorities, such as cities, counties or flood control districts.

As previously stated, all storm water facilities constructed on behalf of the District will be constructed in accordance with applicable design criteria established by the local authority, which is Williamson County. Petitioners will also be responsible for filing their plats with Williamson County for the development within the boundaries of the proposed District. Petitioners' representations in the creation application that the storm drainage systems will be designed and constructed to comply with the requirements of Williamson County are sufficient to meet TCEQ's district creation requirements and since review of such matters is outside of the jurisdiction of the Commission, the request for a hearing should be denied.

³ *Id.*

III. Conclusion and Prayer

Petitioners respectfully request that the Commission find that there are no disputed questions of fact or a mixed question of law and fact regarding the application for creation. Petitioner further requests that the Commission find that the issues raised by Protestant are not applicable for a creation hearing and approve the creation of the District.

Respectfully submitted,

WINSTEAD PC

By: /s/ Matthew McPhail

Matthew McPhail

State Bar No. 24074692

mmcphail@winstead.com

600 W 5th Street

Suite 900

Austin Texas 78701

Telephone: (512) 370-2811

Facsimile: (512) 370-2850

ATTORNEY FOR PETITIONERS

CERTIFICATE OF SERVICE

I certify that on January 17, 2025, the original and sworn true and correct copies of Ava Rhodes and Rummel & Rhode Farms Ltd.'s Response to Hearing Request were filed with the Chief Clerk of the TCEQ and a copy was served to all persons listed on the attached mailing list via hand delivery, electronic delivery, inter-agency mail, or by deposit in the U.S. Mail.

/s/ Matthew McPhail

Matthew McPhail

MAILING LIST

North Fork Municipal Utility District of Williamson County
TCEQ Internal Control No. D-07022024-003

Wilson Springs Prairie LP
c/o: Edward C. Griffith, Jr.
P.O. Box 1099
Taylor, Texas 76574
TEL: 512-867-7667
Eddie.griffith@cnbt.bank

Todd Galiga
TCEQ Environmental Law Division MC 173
P.O. Box 13087
Austin, Texas 78711-3087
TEL: 512-239-3578
FAX: 512/239-0606
Todd.Galiga@tceq.texas.gov

James Walker
TCEQ Districts Section MC 152
P.O. Box 13087
Austin, Texas 78711-3087
TEL: 512-239-2532
FAX: 512/239-2214
James.Walker@tceq.texas.gov

Garrett T. Arthur
TCEQ Public Interest Counsel MC-103
P.O. Box 13087
Austin, Texas 78711-3087
TEL: 512-239-6363
FAX: 512/239-6377
Garrett.Arthur@tceq.texas.gov

Docket Clerk
Texas Commission on Environmental Quality
Office of Chief Clerk, MC-105
P.O. Box 13087
Austin, Texas 78711-3087
TEL: 512-239-3300
FAX: 512/239-3311
<https://www.tceq.texas.gov/goto/efilings>

Attachment 1

Texas Commission on Environmental Quality

TECHNICAL MEMORANDUM

To: Justin P. Taack, Manager *for*
Districts Section *10/9/2024*

Date: October 9, 2024

Thru: Michael Briscoe, Team Lead
Districts Creation Review Team

From: James Walker
Districts Creation Review Team

Subject: Petition by Ava Rohde and Rummel & Rohde Farms Ltd. for Creation of North Fork Municipal Utility District of Williamson County; Pursuant to Texas Water Code Chapters 49 and 54.
TCEQ Internal Control No. D-07022024-003 (TC)
CN: 606280238 RN: 112002076

A. GENERAL INFORMATION

The Texas Commission on Environmental Quality (TCEQ) received a petition within the application requesting approval for the creation of North Fork Municipal Utility District of Williamson County (District). The petition was signed by Ava Rohde, individually and as the manager of Rummel & Rohde Management, LLC, a Texas limited liability company, general partner of Rummel & Rohde Farms Ltd., a Texas limited partnership (Petitioners). The petition states that the Petitioners hold title to a majority in value of the land in the proposed District and it further states that there are no lienholders on the land in the proposed District.

The District is proposed to be created and organized according to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code (TWC).

Location and Access

The proposed District is located in southeastern Williamson County, Texas, south of Chandler Road and west of the intersection of County Road (CR) 368 and CR 369, north of CR 369, east of CR 101, west of the City of Taylor and northeast of the City of Hutto. The proposed District is not within the corporate limits or extraterritorial jurisdiction of any city. Access to the proposed District will be provided by CR 369 by traveling east on Chandler Road from TX-130, then south on CR 101 and east on CR 369.

Metes and Bounds Description

The proposed District contains one tract of land totaling approximately 343 acres of land. The metes and bounds description of the proposed District has been checked by TCEQ's staff and has been found to form an acceptable closure.

City Consent

The proposed District is located outside the corporate limits and extraterritorial jurisdiction of any city, town, or village. Therefore, the requirements of Texas Local Government Code Section 42.042 and TWC Section 54.016 are not applicable.

County Notification

In accordance with TWC Section 54.0161, a certified letter, dated July 9, 2024, was sent to the Commissioners Court of Williamson County which provided notice of the proposed District's pending creation application and provided them an opportunity to make their recommendations. To date, the county has not responded to this notification.

Statements of Filing Petition

Evidence of filing a copy of the petition with the Williamson County Clerks' office, the TCEQ's Austin Regional office, the Texas state representative, and the Texas state senator was included in the application.

Type of Project

The proposed District will be considered a "developer project" as defined by 30 Texas Administrative Code (30 TAC) Section 293.44(a). Therefore, developer cost participation in accordance with 30 TAC Section 293.47 will be required.

Developer Qualifications

Application material indicates that the property will be developed by GRBK Edgewood, LLC (GRBK). GRBK invests in a wide range of real estate investments and is a diversified homebuilding and land development company. GRBK acquires and develops land, provides land and construction financing to its controlled homebuilders, and participates in the profits of its controlled homebuilders including Normandy, Trophy Signature Homes, and CB JENI. Past and current projects of GRBK include Parkside Village in Royse City, Ventana in Fort Worth, Edgewood in Frisco, Park Vista in Frisco, Madero in Fort Worth, Painted Tree in McKinney, Dove Hollow in Waxahachie, Eastridge in Princeton, Southridge in Princeton, Hazelwood in Frisco, and Lakehaven in Farmersville.

Certificate of Ownership

By signed certificate dated May 16, 2024, the Williamson Central Appraisal District has certified that the appraisal rolls indicate that the Petitioners are the owners of all of the land in the proposed District.

Temporary Director Affidavits

The TCEQ has received affidavits for consideration of the appointment of the following five temporary directors:

Joseph Thomas

Matthew C. Silker

John Gilbert Horsley

Jared Jehl

Chelsea Brown

Each of the above persons named is qualified, as required by 30 TAC Section 293.32(a), to serve as a temporary director of the proposed District as each (1) is at least 18 years old, (2) is a resident of the State of Texas, and (3) either owns land subject to taxation within the proposed District or is a qualified voter within the proposed District. Additionally, as required by TWC Section 54.022, the majority are residents of the county in which the proposed District is located, a county adjacent to the county in which the proposed District is located, or if the proposed District is located in a county that is in a metropolitan statistical area designated by the United States Office of Management and Budget or its successor agency, a county in the same metropolitan statistical area as the county in which the proposed District is located.

Notice Requirements

Proper notice of the application was published on August 18 and August 25, 2024, in the *Williamson County Sun*, a newspaper regularly published or circulated in Williamson County, the county in which the District is proposed to be located. Proper notice of the application was posted on August 13, 2024, at the place for posting legal notices at the Williamson County Courthouse. Accordingly, the notice requirements of 30 TAC Section 293.12(b) have been satisfied. The opportunity for the public to request a contested case hearing (comment period) expired September 24, 2024.

B. ENGINEERING ANALYSIS

The creation engineering report indicates the following:

Availability of Comparable Service

The proposed District lies within an area for which Jonah Water Special Utility District (SUD) owns the Certificate of Convenience and Necessity (CCN) to provide water service and is expected to be the retail water provider for the proposed District. The proposed District does not lie within a CCN for wastewater service; therefore, the proposed District will provide its own wastewater service. It is anticipated that the proposed District will construct water, wastewater, drainage, and paving facilities to serve the entire development within the boundaries of the proposed District. The construction of water, wastewater, drainage and paving facilities will be constructed in phases. Once the required water, wastewater, drainage, and paving improvements to serve the proposed District have been constructed, the water improvements will be dedicated to, owned, maintained, and operated by Jonah Water SUD. The onsite wastewater, drainage, and paving improvements will be dedicated to, owned, maintained, and operated by the proposed District. Construction of the facilities serving the proposed District is necessary since there are no other apparent sources which have the facilities or capacity to serve the project at this time. Prior to development, the availability of comparable services will be reassessed. All systems and facilities will be designed according to applicable criteria established by Jonah Water SUD, Williamson County, TCEQ, and the Texas Department of Transportation, as appropriate.

Water Supply and Distribution Improvements

The proposed District will be responsible for construction of all water infrastructure required to serve the proposed District. Upon completion of construction, the water infrastructure will be conveyed to Jonah Water SUD as the retail water providers for the proposed District, to own, operate, and maintain. Per the engineering report, it is estimated that the proposed District will contain 1,340 equivalent single-family connections (ESFCs) at ultimate development, requiring 469,000 gallons per day of water, using 350 gallons per day per

connection. The ultimate average daily demand is estimated to be 0.47 million gallons per day (MGD) with a max day and peak hour demand of 1.12 MGD and 1.41 MGD, respectively. Extension of the existing water distribution lines from Jonah Water SUD will be required to supply water to the proposed District's distribution system. These facilities will be constructed by the proposed District at the time of development.

Further, the engineering report indicates that the water distribution system for the full development of the proposed District will consist of approximately 6,600 linear feet (LF) of 12-inch onsite polyvinyl chloride (PVC) waterline, approximately 2,700 LF of 16-inch onsite PVC waterline, and approximately 4,500 LF of 16-inch offsite PVC waterline, along with related appurtenances. Within the internal residential sections, 8-inch looped waterlines are expected. The internal water distribution system will be looped where feasible to provide alternate service routes during emergencies and maintenance periods, and to equalize pressure in the system. Valves, fire hydrants and flushing valves will be provided at intervals as required by the TCEQ and Jonah Water SUD.

Wastewater Treatment and Collection Improvements

It is estimated that the proposed District will contain 1,340 ESFCs at ultimate development, requiring 469,000 gallons per day of wastewater treatment capacity, using 350 gallons per day per connection. The proposed District will be responsible for the construction of all wastewater infrastructure required to serve the District. Upon completion of construction, the wastewater infrastructure will be conveyed to the proposed District to own, operate, and maintain. The wastewater generated by the development within the proposed District is expected to flow to either gravity sanitary sewer or to a lift station which will ultimately convey flow to a proposed wastewater treatment plant onsite. A discharge permit for the wastewater treatment plant will be applied for on behalf of the proposed District prior to development.

The onsite wastewater collection system for the full development of the proposed District is expected to consist of approximately 5,420 LF of 12-inch gravity PVC wastewater lines and 6,290 LF of 8-inch wastewater force main are expected to be required to convey the wastewater flow to the proposed wastewater treatment plant where it will discharge into the North Fork Mustang Creek after treatment. A lift station is proposed to be constructed along the southern edge of the property boundary to collect gravity fed wastewater and transport it via force main to the proposed wastewater treatment plant. All facilities will be designed in accordance with applicable criteria established by the TCEQ.

Storm Water Drainage System and Drainage Improvements

Storm drainage will be the ultimate responsibility of the proposed District to construct. Upon completion of construction, the storm drainage infrastructure will be conveyed to the proposed District to own, operate, and maintain. The storm water runoff within the proposed District will be directed within the streets via curb and gutters to collector lines provided by the proposed District. The storm water collection system will be designed to convey the 100-year storm within a pipe system to North Fork Mustang Creek. The stormwater collection system for the full development of the proposed District will consist of a combination of street curbs and gutters with inlets, detention ponds, and internal storm drain conduit. Detention will be provided throughout the proposed District. Detailed pond sizing has not been completed at this time. During the design phase, each pond will be designed to sufficiently detain storm runoff to predeveloped flows as required by Williamson County.

Road Improvements

Application material indicates the proposed District will construct road improvements within the District. The paving within the proposed District will be concrete curb and gutter roadways. All roadways will be asphalt. The collector roadways for full development of the proposed District will extend immediately from CR 368 and CR 369 through the center of the site where it will split off into local roads throughout the proposed District. The perimeter roadways are existing asphalt roadways that will require right-of-way to be dedicated to Williamson County. No improvements to perimeter roadways are proposed to be constructed by the proposed District. All paving improvements will be designed in accordance with applicable design criteria established by Williamson County. The collector roadways will be concrete pavement and will be owned and maintained by the proposed District upon completion.

Topography/Land Elevation

The topography of the proposed District is relatively flat. The approximate elevation ranges from 597 feet above mean sea level (msl) to 642 feet above msl. Some of the property drains north towards the North Fork Mustang Creek, while other parts of the property drain south towards unnamed tributaries that eventually drain to Mustang Creek. The excavation and/or embankment associated with the development of the proposed District's systems is not anticipated to cause any changes in land elevation other than that normally associated with the construction of underground utility systems, drainage facilities, and paving, therefore the proposed District is not expecting to have an unreasonable impact on land elevation.

Floodplain

According to Federal Emergency Management Agency Flood Insurance Rate Map No. 48491C0530F, dated December 20, 2019, the proposed District partially lies within the 100-year floodplain (Zone "A").

Subsidence

Per the preliminary engineering report, Jonah Water SUD has not experienced any land subsidence resulting from groundwater extraction in the area. Jonah Water SUD's primary source of water is via treated surface water intake from nearby Granger Lake, along with groundwater from the Edward's Aquifer. The proposed District is not anticipated to have an unreasonable impact on subsidence.

Dam Safety Analysis

The TCEQ Dam Safety Program personnel reviewed the location of the proposed District and confirmed by letter dated May 2, 2024, there is one small pond located within the proposed District's boundaries that is not expected to remain in developed conditions. Plans for the proposed detention ponds within the proposed District will be designed such that they are not within the TCEQ Dam Safety's jurisdiction. If any of the future ponds are designed at a size within the TCEQ's jurisdiction, they will need to be evaluated for hydraulic adequacy and hazard classification.

Groundwater Levels/Recharge

Per the preliminary engineering report, the water supply utilized by Jonah Water SUD is sourced via surface and groundwater. There is no indication that groundwater supply is a concern in the area. It is recommended that system capacity be tested prior to development to confirm

adequate water supply is available to serve the proposed District. Groundwater partially makes up the water source expected to serve the proposed District. To the extent that groundwater will be utilized, recharge of the groundwater system is expected to be accommodated based on the anticipation that the proposed District is to be 60% impervious within the area. Based on this, the proposed District is not expected to have an unreasonable impact on the groundwater levels and recharge rate.

Natural Run-off and Drainage

The proposed District is located on a gently sloped land with no tree cover. Most of the existing drainage is sheet flow, with some conveyed to North Fork Mustang Creek to the north, and some conveyed to unnamed tributaries that flow to Mustang Creek to the south. The proposed District will utilize detention ponds and outfalls such that the unnamed tributaries, North Fork Mustang Creek, Mustang Creek, and all conveyance channels between do not see an increase in the runoff rate from the development and will not impose unreasonable impacts on storm runoff rates.

Water Quality

The proposed District will utilize underground water lines throughout the development for water service. Wastewater from the proposed District will be captured through onsite collection and treated at a TCEQ permitted onsite wastewater treatment plant toward the northeast side of the proposed District. The improvements for the proposed District are not expected to have any adverse or unreasonable impacts to water quality.

C. SUMMARY OF COSTS

WATER, WASTEWATER, AND DRAINAGE

<u>Construction Costs</u>	<u>District Share</u> ⁽¹⁾
A. Major Water Distribution Improvements	\$ 2,910,221
B. Major Wastewater Improvements	27,105,034
C. Major Stormwater Drainage Improvements	<u>5,311,815</u>
TOTAL CONSTRUCTION COSTS (75.09% of BIR)	\$ 35,327,070
 <u>Non-Construction Costs</u>	
A. Legal Fees	\$ 1,176,108
B. Fiscal Agent Fees	940,886
C. Interest Costs	
1. Capitalized Interest (1 year @ 6%)	2,822,659
2. Developer Interest (2 years @ 6% of Construction Costs)	4,239,248 ⁽²⁾
D. Bond Discount (3%)	1,411,329
E. Bond Issuance Expenses	282,359
F. Organization and Operating Costs	100,000
G. District Creation Expenses	100,000
H. Bond Application Report Costs	480,000
I. Attorney General Fee (0.1%)	47,044
J. TCEQ Bond Issuance Fee (0.25%)	<u>117,611</u>

TOTAL NON-CONSTRUCTION COSTS	\$	11,717,244
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TOTAL W, WW, & D BOND ISSUE REQUIREMENT	\$	47,044,314
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Notes: (1) Assumes 77.77% funding of eligible Master District Facility costs, where applicable.
(2) Based on developer advancing funds approximately two years prior to reimbursement.

Eligibility of costs for District funding and 30% developer contribution requirements will be determined in accordance with TCEQ rules in effect at the time bond applications are reviewed.

ROAD IMPROVEMENTS

<u>Construction Costs</u>		<u>District Share</u> ⁽¹⁾
Major Roadway System: Collectors	\$	<u>4,551,207</u>
TOTAL CONSTRUCTION COSTS (71.18% of BIR)	\$	4,551,207

<u>Non-Construction Costs</u>		
A. Legal Fees	\$	159,090
B. Fiscal Agent Fees		127,272
C. Interest Costs		
1. Capitalized Interest (1 year @ 6%)		381,816
2. Developer Interest (2 years @ 6% of Construction Costs)		546,145 ⁽²⁾
D. Bond Discount (3%)		190,908
E. Bond Application Report Costs		200,000
F. Bond Issuance Expenses		200,798
G. Attorney General Fee (0.1%)		<u>6,364</u>
TOTAL NON-CONSTRUCTION COSTS	\$	1,812,393
 TOTAL ROAD BOND ISSUE REQUIREMENT	 \$	 6,363,600

Notes: (1) Assumes 77.77% funding of Master District Facility costs, where applicable.
(2) Based on developer advancing funds approximately two years prior to reimbursement.

A preliminary layout of roads proposed for funding has been provided, and they appear to benefit the proposed District and the land included within the proposed District. TCEQ's review of eligibility of costs may be determined in accordance with TCEQ rules in effect at the time bond applications are reviewed.

D. ECONOMIC ANALYSIS

Land Use

The land use for the proposed District is intended to accommodate single-family residential development. Planned ultimate development in the proposed District, as shown in the land use plan provided in the engineering report, is as follows:

<u>Land Use</u>	<u>Acreage</u>	<u>ESFCs</u>
Single Family/Residential	236.02	1,340
Perimeter Right-of-way Dedication	6.69	0
Internal Collector Right-of-way Dedication	11.48	0
Open Space/Buffers	66.43	38
Floodplain	9.11	0
Amenity Center	7.49	20
Water/Wastewater Facilities	<u>5.70</u>	<u>2</u>
Total	342.92	1,400

Market Study

A market study, prepared in June 2024 by Zonda, was submitted in support of the creation of the proposed District. The proposed District is expected to include approximately 1,335 ESFCs on a tract totaling approximately 343 acres. The market study indicates that the proposed District will contain single-family homes on 40-foot lots priced between \$305,000 and \$394,000 and on 45-foot lots priced between \$345,000 and \$405,000 and are expected to be absorbed at a rate of 216 to 264 units per year among all lot sizes throughout the initial six years of activity.

Project Financing

Per the engineering report, the projected taxable assessed valuation (AV) for the proposed District is as follows:

<u>Development Description</u>	<u>Number of Units</u>	<u>Average Unit Value</u>	<u>Total Buildout Value</u>
40-foot single-family lots	966	\$ 349,500	\$ 337,617,000
45-foot single-family lots	363	\$ 375,000	\$ <u>136,125,000</u>
Total Assessed Valuation			\$ 473,742,000

Considering the issuance of a total of \$53,407,914 (\$47,044,314 for utilities and \$6,363,600 for roads) in bonds, assuming 77.77% financing of Master District Facility costs, a bond coupon rate of 6%, and a 25-year bond life, the average annual debt service requirement would be \$4,177,926 (\$3,680,122 for utilities plus \$497,804 for roads). Assuming a 98% collection rate and an ultimate AV of \$473,742,000, a projected ultimate tax rate of approximately \$0.90 (\$0.79 for utilities and \$0.11 for roads) per \$100 AV was indicated to be necessary to meet the annual debt service requirements for the proposed District. An additional \$0.10 per \$100 AV is projected to be levied for maintenance and operating expenses, for a combined proposed District tax rate of \$1.00.

Based on the information provided and assuming 77.77% financing for Master District Facility costs, the total year 2023 overlapping tax rates on land within the proposed District are shown as follows:

<u>Taxing Jurisdiction</u>	<u>Tax Rate</u> ⁽¹⁾
North Fork MUD of Williamson County (District)	⁽²⁾⁽³⁾ \$ 1.000000
Williamson County	\$ 0.333116
Williamson County Road	\$ 0.044329
Hutto Independent School District	\$ 1.207500
Lower Brushy Creek WCID	\$ 0.016265
East Williamson County Higher Education Center	\$ <u>0.038320</u>
TOTAL TAX per \$100 AV:	\$ 2.639530

Notes: (1) Tax rate per \$100 assessed valuation.

(2) Represents \$0.79 for utilities, \$0.11 for roads, and \$0.10 for operation and maintenance tax.

(3) Assuming 77.77% funding of Master District Facility costs, where applicable.

Based on the proposed District tax rate and the year 2023 overlapping tax rate on land within the proposed District, and assuming 77.77% financing of Master District Facility costs, the project is considered economically feasible.

Water and Wastewater Rates

According to information provided, Jonah Water SUD will provide retail water service and the proposed District will provide retail wastewater service to the proposed District's customers. The estimated monthly fee for 10,000 gallons of water and wastewater would be \$184.03.

Comparative Water District Tax Rates

A tax rate of \$1.00 (\$0.79 for utilities, \$0.11 for roads, and \$0.10 for operation and maintenance tax) for the proposed District is comparable to other districts in the target market area. Based on the requirements and intent of 30 TAC Section 293.59, this project is considered economically feasible. Each particular bond issue will be evaluated based on its own economic feasibility merits and the rules and regulations in place at the time prior to the issuance of any bonds by the proposed District.

E. SPECIAL CONSIDERATION

Request for Road Powers

A request for approval of road powers was included in the petition for creation of the proposed District. Pursuant to TWC Section 54.234, approval of road powers may be requested at the time of creation. The engineering report provided with the application included a summary of the estimated costs. The proposed roads appear to benefit the proposed District, and financing appears feasible.

F. CONCLUSIONS

1. Based on TCEQ policy, compliance with TCEQ rules, and review of the engineering report and supporting documents, the proposed District is considered feasible, practicable, a benefit to the land within the proposed District, and necessary as a means to finance utilities and to provide utility service to future customers.
2. Based on a review of the preliminary engineering report; market study; the proposed District's water, wastewater, drainage facilities, and road facilities; a combined projected tax rate of \$1.00 per \$100 AV when assuming 77.77% financing of Master District Facility costs; the proposed District obtaining a 6% coupon bond rate; and other supporting data, the proposed District is considered feasible under the intent of the feasibility limits prescribed by 30 TAC Section 293.59.
3. The recommendations are made under authority delegated by the Executive Director of the TCEQ.

G. RECOMMENDATIONS

1. Grant the petition for creation of North Fork Municipal Utility District of Williamson County.
2. Grant the District's request to acquire road powers in accordance with TWC Section 54.234 and 30 TAC Sections 293.11(d)(11), 293.201, and 293.202 subject to the requirement imposed by the TCEQ and the general laws of the state relating to the exercise of such powers.
3. The Order granting the petition should include the following statement:

"This Order shall in no event be construed as an approval of any proposed agreements or of any particular items in any documents provided in support of the petition for creation, nor as a commitment or requirement of the TCEQ in the future to approve or disapprove any particular items or agreements in future applications submitted by the District for TCEQ consideration."
4. Appoint the following five persons to serve as temporary directors until permanent directors are elected and qualified:

Joseph Thomas

Matthew C. Silker

John Gilbert Horsley

Jared Jehl

Chelsea Brown

H. ADDITIONAL INFORMATION

The Petitioners' professional representatives are:

Attorney: Mr. Matt McPhail – Winstead, PC
Creation Engineer: Ms. Sarah Starkey, P.E. – Kimley-Horn